

UNSEALED

7/15/02

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS

SEALED

TYLER DIVISION

FILED
U.S. DISTRICT COURT
EASTERN DISTRICT OF TEXAS

UNITED STATES OF AMERICA

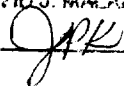
V.

ALLEN PETTY, JR., a.k.a. AL PETTY

§
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NO. 6:02CR45
(Judge _____)

JUL 10 2002

BY DAVID J. HILLMAN, CLERK
DEPUTY 

INDICTMENT

THE UNITED STATES GRAND JURY CHARGES:

Introduction

At all times material to this Indictment:

1. ALLEN PETTY, JR., a.k.a. AL PETTY ("PETTY"), the Defendant herein, operated a fraudulent telemarketing scheme through a program called TeleCom 2000 Network ("TeleCom 2000").

2. The fraudulent scheme purportedly marketed "businesses" to people throughout the United States and foreign countries by guaranteeing substantial returns on their investments.

3. Commencing in or about the year 2000 and continuing until in or about August, 2001, PETTY operated TeleCom 2000 as a sole proprietorship, also using the name Independence 2000 America. On or about August 13, 2001, PETTY filed articles of incorporation for Independence 2000 America, Incorporated. PETTY was the President, Registered Agent and a Director of the company. On or about September 10, 2001, PETTY filed an assumed named certificate with the State of Texas for Independence 2000 America, Incorporated, to use the name, "TeleCom 2000 Network." The scheme PETTY perpetuated through TeleCom 2000 functioned in essentially the same manner before and after incorporation.

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4. From its inception until in or about April, 2002, the TeleCom 2000 office was located at PETTY's residence, 23927 County Road 223 near Overton in Smith County, Texas, which is in the Eastern District of Texas.

5. PETTY supervised the daily operations of TeleCom 2000. Until March 29, 2002, he employed approximately nine individuals who worked at the TeleCom 2000 office.

6. PETTY, through TeleCom 2000 and its agents and employees, operated in the State of Texas and elsewhere.

The Scheme to Defraud

7. PETTY marketed TeleCom 2000 as a business opportunity with guaranteed returns of 500% to 1100%. To create the appearance of legitimacy, investors purchased long distance or cellular phone service from unrelated providers as part of their initial investment in TeleCom 2000. A portion of the guaranteed payments was promoted as offsets or reimbursement for the fees paid to the long distance or cellular phone service providers. For example, when an investor made the entry level TeleCom 2000 investment, identified as a "Pro01," for approximately \$1315.88 and applied for cell phone service and long distance service for one year, PETTY guaranteed payments totaling \$3,779.34 over a six-month period, which were promoted as reimbursement for the payments to cell phone and long distance providers as well as income. The investors, sometimes identified as "reps" or "business owners," could upgrade their status by purchasing up to 49 additional TeleCom 2000 "businesses" in increments of one or more, at a cost of approximately \$1000 for each "business." Investors who came into the program at the "Pro50" level, for an investment of approximately \$51,000.00, were guaranteed returns of approximately \$297,000.00 in six months.

8. TeleCom 2000 reps were not required to perform any type of service in connection with the purchase of a TeleCom 2000 "business." However, a rep could become a "sponsor" by soliciting other individuals to invest in TeleCom 2000. For each Pro01 a sponsor brought into the organization, the sponsor was guaranteed payments totaling \$3,625.00 in addition to the payments they were already receiving for their investment.

9. Investors in TeleCom 2000 were solicited through several methods, including random telephone solicitation, Internet advertisements, and fax blasting (use of facsimile machines with automatic dialing equipment). TeleCom 2000 sponsors were encouraged to recruit potential investors by contacting them and referring them to TeleCom 2000 for more information. Some of the sponsors used automatic dialers programmed with a brief message from PETTY, and some potential investors obtained the TeleCom 2000 toll-free number from Internet advertisements. Upon contacting TeleCom 2000, potential investors heard a fourteen minute recorded message from PETTY, recruiting them to join the program. After listening to the fourteen minute recording, the potential investor left his or her name, telephone and fax number on a recording system at the TeleCom 2000 office. An information sheet entitled "Ticket to our Opportunity-Conference Call" was then sent by facsimile transmission from the TeleCom 2000 office to the potential investor. Before investing in TeleCom 2000, potential investors were encouraged to participate in a national conference call, which PETTY conducted approximately three times a week. The conference calls were promotional sessions moderated by PETTY. If a potential investor wanted to invest, they received another flyer, called the "Rest of The Story," by facsimile transmission. This flyer contained applications and information concerning how to invest in TeleCom 2000. Sometime in 2002, PETTY combined the two flyers into one document,

containing the same essential information, which was sent to interested investors by facsimile transmission. The investor sent the completed applications and payment or credit card authorization to TeleCom 2000 by facsimile transmission, the United States mail, Federal Express, United Parcel Service or other private or commercial carrier.

10. Although PETTY promoted TeleCom 2000 as selling genuine businesses, the information provided to investors failed to disclose how the program could generate the substantial returns he guaranteed. On a promotional videotape recorded during a convention for TeleCom 2000 investors, PETTY explained that TeleCom 2000 furnishes its investors with the following: (1) the fourteen minute recorded message; (2) "all the literature that it takes"; (3) the national conference calls; (4) the "Rest of the Story" pamphlet containing the applications and contracts needed to purchase a "business"; and (5) charts showing projected payments. PETTY also promised that TeleCom 2000 would "give" five reps to each new business. The videotaped description of the program indicated that older investors were paid with the funds provided by newer investors.

11. The funds investors paid to purchase TeleCom 2000 "businesses" were either deposited to TeleCom 2000 bank accounts or held at the TeleCom 2000 office until needed to pay investors. PETTY was the authorized signatory on the bank accounts held and controlled by TeleCom 2000, including two non-interest bearing accounts at Southside Bank in Tyler, Texas. Monies in these accounts were disbursed at PETTY's direction for his own personal use, the personal use of other TeleCom 2000 agents and employees, or to further the scheme by making scheduled payments to investors. The deposit records of the TeleCom 2000

accounts do not reflect deposits from any sources other than investor funds that were sufficient to make the promised payments to investors.

12. TeleCom 2000 records reflect that more than 1000 individuals invested in TeleCom 2000 from in or about the year 2000 until in or about April, 2002. The records indicate that TeleCom 2000 received more than \$10,000,000.00 from investors, more than 10 of whom were over 55 years old. Although PETTY had made guaranteed payments to investors during the course of the scheme, by April, 2002, guaranteed payments were outstanding in amounts exceeding \$30,000,000.00.

The Charges

Counts 1-14: Wire Fraud (18 U.S.C. §§ 1343 and 2)

The Grand Jury incorporates paragraphs 1-12 above in each of Counts 1-14, as if fully set out therein:

COUNTS 1-8

THE UNITED STATES GRAND JURY FURTHER CHARGES:

On or about the dates listed below, in Smith County, in the Eastern District of Texas, ALLEN PETTY, JR., a.k.a. AL PETTY, Defendant herein, having knowingly devised and intending to devise a scheme and artifice to defraud and for obtaining money and property by means of false and fraudulent pretenses, representations and promises, for purposes of executing the scheme, did transmit and cause to be transmitted in interstate and foreign commerce writings, signs, signals, and sounds. Specifically, on or about the dates set forth below, the Defendant, transmitted and caused others to transmit information about and applications to invest in TeleCom

2000 over the interstate telephone wires by facsimile transmission from the TeleCom 2000 office near Overton, Texas, to investors and potential investors located in the following states:

Count	Date	Initials of Investor	Location of Investor
1	7/9/2001	TJG	Milford, Connecticut
2	10/16/2001	YR	Augusta, Georgia
3	11/27/2001	RH	Yuma, Arizona
4	2/13/2002	TK	Cincinnati, Ohio
5	3/19/2002	BC	Tishomingo, Oklahoma
6	3/19/2002	AP	Cortland, Ohio
7	3/23/2002	PS	Lisbon, North Dakota
8	3/28/2002	AR	Falls Church, Virginia

All in violation of 18 U.S.C. §§ 1343 and 2.

COUNTS 9-14

THE UNITED STATES GRAND JURY FURTHER CHARGES:

On or about the dates listed below, in Smith County, in the Eastern District of Texas, ALLEN PETTY, JR., a.k.a. AL PETTY, Defendant herein, having knowingly devised and intending to devise a scheme and artifice to defraud and for obtaining money and property by means of false and fraudulent pretenses, representations and promises, for purposes of executing the scheme, did transmit and cause to be transmitted in interstate and foreign commerce writings, signs, signals, and sounds. Specifically, on or about the dates set forth below, investors and potential investors located in the following states sent applications and credit card authorizations over the interstate telephone wires by facsimile transmission from the states in which they were located to the TeleCom 2000 office near Overton, Texas:

Count	Date	Initials of Investor	Location of Investor
9	12/21/2000	RH	Yuma, Arizona
10	7/13/2001	TJG	Milford, Connecticut
11	9/15/2001	RH	Yuma, Arizona
12	10/3/2001	RH	Yuma, Arizona
13	10/6/2001	RH	Yuma, Arizona
14	12/23/2001	BC	Tishomingo, Oklahoma

All in violation of 18 U.S.C. §§ 1343 and 2.

Counts 15-25: Mail Fraud (18 U.S.C. §§ 1341 and 2)

The Grand Jury incorporates paragraphs 1-12 above in each of Counts 15-25, as if fully set out therein:

COUNTS 15-25

THE UNITED STATES GRAND JURY FURTHER CHARGES:

On or about the dates listed below, in Smith County, in the Eastern District of Texas, ALLEN PETTY, JR., a.k.a. AL PETTY, Defendant herein, having devised a scheme and artifice to defraud and for obtaining money by means of false and fraudulent pretenses, representations and promises, for purposes of executing the scheme, did knowingly cause items to be delivered by the United States Postal Service and other private and commercial interstate carriers and took and received mail matter therefrom. Specifically, the Defendant caused the individuals listed below to send applications and checks from at or near the locations listed below to the TeleCom 2000 office, located at 23927 CR 223, Overton, Texas 75684, by the carriers listed below and received the items upon delivery:

Count	Date	Initials of Investor	Location of Investor	Carrier
15	10/19/2001	YR	Augusta, Georgia	Federal Express
16	11/13/2001	YR	Augusta, Georgia	Federal Express
17	12/19/2001	RH	Yuma, Arizona	United Parcel Service
18	2/15/2002	TK	Cincinnati, Ohio	United States Postal Service
19	2/26/2002	YR	Augusta, Georgia	Federal Express
20	3/4/2002	YR	Augusta, Georgia	Federal Express
21	3/20/2002	BC	Tishomingo, Oklahoma	United States Postal Service
22	3/20/2002	AP	Cortland, Ohio	United States Postal Service
23	3/22/2002	YR	Augusta, Georgia	Federal Express
24	3/28/2002	PS	Lisbon, North Dakota	United Parcel Service
25	4/3/2002	AR	Falls Church, Virginia	Federal Express

All in violation of 18 U.S.C. §§ 1341 and 2.

Counts 26-57: Money Laundering (18 U.S.C. §§ 1956(a)(1)(A)(i) and 2)

The Grand Jury incorporates paragraphs 1-12 above in each of Counts 26-57, as if fully set out therein:

COUNTS 26-57

THE UNITED STATES GRAND JURY FURTHER CHARGES:

On or about the dates listed below, in Smith County, in the Eastern District of Texas, ALLEN PETTY, JR., a.k.a. AL PETTY, Defendant herein, did knowingly and willfully conduct and cause to be conducted financial transactions affecting interstate and foreign

commerce, involving the proceeds of specified unlawful activities, specifically mail fraud (18 U.S.C. § 1341) and wire fraud (18 U.S.C. § 1343), knowing that the funds involved in the financial transactions represented the proceeds of some form of unlawful activity, and with the intent to promote the carrying on of the specified unlawful activities. Specifically, Defendant caused the following checks to be drawn on Account Number 1421255, in the name of "Al Petty TeleCom 2000 Network Inc," at Southside Bank in Tyler, Texas, and paid to Horizon Business Machines, Inc., and related entities:

Count	Date	Check #	Amount
26	1/7/2002	5359	\$4,942.00
27	1/14/2002	5370	\$2,028.00
28	1/18/2002	5382	\$6,375.00
29	1/21/2002	5393	\$22,910.09
30	1/28/2002	5466	\$7,600.00
31	1/28/2002	5467	\$10,573.30
32	1/15/2002	5374	\$31,100.00
33	2/8/2002	5563	\$12,036.00
34	2/12/2002	5537	\$1553.33
35	2/12/2002	5538	\$8,175.00
36	2/12/2002	5539	\$5,548.90
37	2/25/2002	5721	\$29,877.00
38	2/25/2002	5722	\$5,306.23
39	2/26/2002	5612	\$13,304.10
40	2/26/2002	5611	\$4,050.00
41	2/26/2002	5610	\$22,900.00

42	3/8/2002	5655	\$35,478.94
43	3/8/2002	5656	\$33,410.28
44	3/8/2002	5657	\$18,278.91
45	3/16/2002	5684	\$16,453.95
46	3/16/2002	5685	\$17,106.12
47	3/22/2002	5699	\$27,300.00
48	3/25/2002	5720	\$39,100.00
49	3/29/2002	5736	\$42,613.03
50	3/29/2002	5734	\$40,960.46
51	3/29/2002	5733	\$4,850.00
52	3/30/2002	5749	\$15,339.50
53	4/1/2002	5752	\$1,942.99
54	4/1/2002	5756	\$14,830.25
55	4/1/2002	5755	\$7,600.00
56	4/1/2002	5753	\$6,700.00
57	4/1/2002	5754	\$12,124.00

All in violation of 18 U.S.C. §§ 1956(a)(1)(A)(i) and 2.

**Counts 58-78: Engaging in Monetary Transactions With Property Derived
From Specified Unlawful Activity (18 U.S.C. §§ 1957 and 2)**

The Grand Jury incorporates paragraphs 1-12 above in each of Counts 58-78, as if fully
set out therein:

COUNTS 58-68

THE UNITED STATES GRAND JURY FURTHER CHARGES:

On or about the dates listed below, in Smith County, in the Eastern District of Texas,
ALLEN PETTY, JR., a.k.a. AL PETTY, Defendant herein, did knowingly engage and attempt

to engage in monetary transactions by, through, or to a financial institution affecting interstate and foreign commerce, in criminally derived property of a value greater than \$10,000, that is the withdrawal, transfer, and exchange of funds in the amounts listed below, such property having been the proceeds of specified unlawful activities, specifically mail fraud (18 U.S.C. § 1341) and wire fraud (18 U.S.C. § 1343). Specifically, Defendant caused the following checks to be drawn on Account Number 1421255, in the name of "Al Petty TeleCom 2000 Network Inc," and Account Number 1406175, in the name of "Al Petty DBA TeleCom 2000 Network," at Southside Bank in Tyler, Texas, and paid to the listed payees:

Count	Date	Account #	Check #	Payee	Amount
58	11/2/2001	1406175	1564	Deposit Al Petty Personal Acct #	\$30,000.00
59	11/15/2001	1421255	1046	Al Petty Jr Acct #4470435	\$20,000.00
60	11/21/2001	1421255	1047	Al Petty Jr	\$30,000.00
61	11/29/2001	1421255	1049	Al Petty Jr Acct #4470435	\$40,000.00
62	12/5/2001	1421255	1051	Al Petty Jr	\$25,000.00
63	12/14/2001	1421255	1052	Al Petty Jr Account	\$20,800.00
64	12/14/2001	1406175	1280	Christian Disciples Intl.	\$179,078.21
65	12/14/2001	1421255	5292	Christian Disciples Intl.	\$193,595.46
66	12/17/2001	1421255	1054	Classic Motors	\$61,850.50
67	12/19/2001	1421255	1055	Classic Motors	\$70,261.12
68	1/7/2002	1406175	1568	Significant Lifestyles	\$40,000.00

All in violation of 18 U.S.C. §§ 1957 and 2.

COUNT 69

THE UNITED STATES GRAND JURY FURTHER CHARGES:

On or about December 18, 2001, in Smith County, in the Eastern District of Texas, ALLEN PETTY, JR., a.k.a. AL PETTY, Defendant herein, aided and abetted by others known to the Grand Jury, did knowingly engage and attempt to engage in a monetary transaction by, through, or to a financial institution affecting interstate and foreign commerce, in criminally derived property of a value greater than \$10,000, that is a withdrawal, transfer, and exchange of funds in the amount of \$363,356.82, such property being the proceeds of specified unlawful activities, specifically mail fraud (18 U.S.C. § 1341) and wire fraud (18 U.S.C. § 1343). Specifically, Defendant caused the transfer of funds in the amount of \$363,356.82 from Account Number 1421646 at Southside Bank in Tyler, Texas, in the name of The Church of Jesus Christ's Disciples, an Unincorporated Church, a.k.a. Christian Disciples International, to Account Number 1422294 at Southside Bank in Tyler, Texas, in the name of Face To Face Ministries.

All in violation of 18 U.S.C. §§ 1957 and 2.

COUNT 70

THE UNITED STATES GRAND JURY FURTHER CHARGES:

On or about January 8, 2002, in Smith County, in the Eastern District of Texas, ALLEN PETTY, JR., a.k.a. AL PETTY, Defendant herein, aided and abetted by others known to the Grand Jury, did knowingly engage and attempt to engage in a monetary

transaction by, through, or to a financial institution affecting interstate and foreign commerce, in criminally derived property of a value greater than \$10,000, that is a withdrawal, transfer, and exchange of funds in the amount of \$195,000.00, such property being the proceeds of specified unlawful activities, specifically mail fraud (18 U.S.C. § 1341) and wire fraud (18 U.S.C. § 1343). Specifically, Defendant caused the transfer of funds in the amount of \$195,000.00 from Account Number 1421255 at Southside Bank in Tyler, Texas, in the name of "Al Petty TeleCom 2000 Network Inc," to Account Number 1422294 at Southside Bank in Tyler, Texas, in the name of Face To Face Ministries.

All in violation of 18 U.S.C. §§ 1957 and 2.

COUNTS 71-78

THE UNITED STATES GRAND JURY FURTHER CHARGES:

On or about the dates listed below, in Smith County, in the Eastern District of Texas, ALLEN PETTY, JR., a.k.a. AL PETTY, Defendant herein, did knowingly engage and attempt to engage in monetary transactions by, through, or to a financial institution affecting interstate and foreign commerce, in criminally derived property of a value greater than \$10,000, that is a withdrawal, transfer, and exchange of funds in the amounts listed below, such property having been the proceeds of specified unlawful activities, specifically mail fraud (18 U.S.C. § 1341) and wire fraud (18 U.S.C. § 1343). Specifically, Defendant caused the following checks to be drawn on Account Number 1422294 at Southside Bank in Tyler, Texas, in the name of Face To Face Ministries, and paid to the listed payees:

Count	Date	Check #	Payee	Amount
71	1/11/2002	1001	East Texas Contractors	\$31,422.98
72	1/18/2002	5001	Significant Lifestyles	\$40,000.00
73	2/8/2002	5010	East Texas Contractors	\$15,979.00
74	2/9/2002	5012	So. Side	\$36,410.68
75	2/21/2002	5021	East Texas Contractors	\$36,849.00
76	3/9/2002	5026	East Texas Contractors	\$15,356.00
77	3/18/2002	5035	Significant Lifestyles	\$60,000.00
78	3/22/2002	5036	East Texas Contractors	\$30,118.00

All in violation of 18 U.S.C. §§ 1957 and 2.

NOTICE OF INTENTION TO SEEK CRIMINAL FORFEITURE

Criminal Forfeiture Pursuant to 18 U.S.C. § 982(a)(1) & (a)(8)

As the result of committing one or more of the foregoing offenses alleged in Counts 1 through 78 of this Indictment, ALLEN PETTY, JR., a.k.a. AL PETTY, Defendant herein, shall forfeit to the United States pursuant to 18 U.S.C. § 982(a)(1) & (a)(8), all property, real and personal, involved in the aforementioned offenses and all property traceable to such property, including but not limited to the following:

1. ACCOUNTS, CHECKS AND MONEY ORDERS

- a. Approximately \$1,257,794.98 in United States currency credited to account number 1421255 in the name of Independence 2000 America, Inc., d.b.a. TeleCom 2000 Network, located at Southside Bank, Tyler, Texas;
- b. Approximately \$33,732.96 in United States currency credited to account number 1422294 in the name of Face to Face Ministries, located at Southside Bank, Tyler, Texas;
- c. Approximately \$17,125.66 in United States currency credited to account number 1406175 in the name of Allen Petty, Jr., d.b.a. TeleCom 2000 Network, located at Southside Bank, Tyler, Texas;
- d. Approximately \$49,633.42 in United States currency credited to account number 635106982 in the name of Significant Lifestyles LLC, located at Bank One, Tyler, Texas;
- e. Approximately \$1,800,000.00 in United States currency credited to account number 66432 in the name of X-Change Reciprocal Services, LLC located at Evocash;
- f. Approximately \$437,862.48 in United States currency in the form of checks and money orders found in packages addressed to Allen Petty, Jr., a.k.a. Al Petty or TeleCom 2000 Network located at Federal Express, Longview, Texas;
- g. Approximately \$89,957.11 in United States currency in the form of checks and money orders found in packages addressed to Allen Petty, Jr., a.k.a. Al Petty or TeleCom 2000 Network located at United Parcel Service (UPS) Longview, Texas; and

h. Approximately \$97,999.04 in United States currency in the form of checks and money orders found in packages addressed to Allen Petty, Jr., a.k.a. Al Petty or TeleCom 2000 Network located at the offices of TeleCom 2000 Network, Overton, Texas.

2. CONVEYANCES

a. One 2002 Mercedes-Benz S600V Sedan, Texas License P62GLG, VIN WDBNG78J22A246731; and

b. One 2002 Chevrolet Tahoe Sports Utility Vehicle, Texas License 6YZR96, VIN 1GNEK13Z12R199789.

3. COMPUTER EQUIPMENT

a. Ten IBM Deskstar hard drive identification numbers A4G018WA, A4G01A9A, TXJ50529, TXRJ6897, TXSF1292, TX383425, TXRK0870, TXJ71468, TXSF1246, TXSF1295;

b. One Quantum Fireball LCT hard drive serial number 054109653214;

c. Three Windows 2000 Professional 1-2 central processing units identification numbers B23-02438, 169-2000-8050-X and X06-21543;

d. Three Family Model PR 2000 central processing units identification numbers X05-33582-D, 169-2000-8075-X, and 169-2000-8049-X;

e. One Compaq Presario 5000 central processing units identification number X06-21543;

f. One Windows 2000 server 1-4 central processing unit identification number C11-01872;

g. One Studio Works monitor serial number 011DI00799; and

h. One computer keyboard and mouse.

4. REAL PROPERTY

All that lot or parcel of land, together with its buildings, appurtenances, improvements, fixtures, attachments and easements, located in the Joseph Campbell Survey A-243, Smith County, Texas, more particularly described as:

Tract 1:

All that certain 10.0 acre tract or parcel of land situated in the J. CAMPBELL SURVEY, Abstract 243, Smith County, Texas; located about 2 miles West of Overton and being a part of a called 25 acre tract of land conveyed to William Harvey, et ux by Finance Washington, et ux in Deed dated August 5, 1948 and recorded in Volume 600, Page 618 of the Deed Records of Smith County, Texas; metes and bounds as follows:

BEGINNING at a ½ inch Iron Pipe set at fence corner being the occupied Northeast Corner of said 25 acre tract;

THENCE North 86 degrees 18 minutes West, along occupied North Boundary Line of said 25 acre tract, 373.4 feet to a one inch Iron Pipe from which a double aluminum pipe bears North 86 degrees 18 minutes West 25.3 feet and a 12 inch Elm North 86 1/4 West 3.6 feet;

THENCE South 0 degrees 26 minutes West, along marked line, 1219.96 feet of a steel spike in center of a county oiled road being the occupied South Boundary Line of said 25 acre tract from which a 1/4 inch Iron Rod bears North 0 degrees 26 minutes East 30.3 feet;

THENCE along center of said road as follows:

South 87 degrees 52 minutes East 36.9 feet to a steel spike;
North 74 degrees 54 minutes East 348.55 feet to a
steel spike set on the occupied East Boundary Line
of said 25 acre tract;

THENCE North 0 degrees 26 minutes East, at 27.3 feet a ½ inch Iron Pipe, and in all along the occupied 25 acre East Boundary Line 1106.4 feet to the place of beginning, CONTAINING 10.0 acres of land.

Tract 2:

All that certain lot, tract or parcel of land being a survey of a 10.00 acre portion of that called 25 acre tract Deeded by Finance Washington and wife, Clema Lee Washington to William Harvey and wife Lessie Harvey, on August 5, 1948, Deed recorded in Volume 600, Page 617, Deed Records of Smith County, Texas, being a part of the Joseph Campbell Survey, Abstract 243, Smith County, Texas, and more fully described as follows:

BEGINNING at spike in county oiled road at the Southeast Corner of this tract from which a ½ inch iron Pin in North right-of-way fence bears North 0 degrees 22 minutes 45 seconds East 19.6 feet, also being the Southwest Corner of that 10.0 acre tract deeded by Lessie Harvey to Matthew Caldwell, Jr., on July 11, 1977, Deed recorded in Volume 1630, Page 816, Deed Records of Smith County, Texas and being on the South line of the Joseph Campbell Survey;

THENCE North 88 degrees 46 minutes 53 seconds West 418.95 feet along county oiled road and South line of said Joseph Campbell Survey to spike at corner from which ½ inch Iron Pin in fence corner bears North 02 degrees 29 minutes 31 seconds East 28.8 feet, being at the Southeast Corner of that called 2.5 acre tract deeded by Lessie Harvey to Marvil Powell and wife Alice Powell on February 17, 1972, Deed filed at No. 2345, 1972 series, Smith County Clerk's office;

THENCE North 02 degrees 29 minutes 31 seconds East along fence to a total distance of 550.42 feet to ½ inch Iron Pin in fence corner at the Northeast Corner of the Marvil Powell 2.5 acre tract;

THENCE North 86 degrees 03 minutes 35 seconds West 44.37 feet along fence to one inch pipe at corner;

THENCE North 0 degrees 33 minutes 38 seconds West 436.55 feet to one inch Pipe set in fence at corner being on the South line of the Spencer Powell 2.0 acre tract deeded to Spencer Powell by Lessie Harvey on December 2, 1973, Deed filed at No. 19641, 1973 series, Smith County Clerk's office;

THENCE North 86 degrees 49 minutes 52 seconds East 411.45 feet along fence to one inch aluminum pipe found in fence corner at the Southeast corner of the Spencer Powell 2.0 acre tract;

THENCE North 01 degrees 30 minutes 24 seconds East 192.44 feet along fence to double aluminum pipe found in fence corner at the Northeast corner of the Spencer Powell 2.0 acre tract;

THENCE South 89 degrees 24 minutes 17 seconds East 35.61 feet along fence to one inch pipe found at corner being the Northeast Corner of this tract and also being the Northwest Corner of that

10.0 acre tract deeded to Matthew Caldwell, Jr. by Lessie Harvey
in July 1977;

THENCE South 0 degrees 22 minutes 45 seconds West 1213.17
feet to the Place of Beginning, CONTAINING 10.00 acres of land.

5. SUBSTITUTE ASSETS

If any of the property described above as being subject to forfeiture, as a result of any act
or omission of Defendant -

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with a third person;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be
subdivided without difficulty;

it is the intent of the United States, pursuant to 18 U.S.C. § 982(b)(1), to seek forfeiture
of any other property of Defendant up to the value of the above forfeitable property,
including but not limited to all property, both real and personal owned by Defendant.

By virtue of the commission of the offenses alleged in Counts 1 through 78 of this

Indictment, any and all interest the Defendant has in the above-described property is vested in the
United States and hereby forfeited to the United States pursuant to 18 U.S.C. § 982(a)(1) &
(a)(8).

A TRUE BILL

GRAND JURY FOREPERSON

MATTHEW D. ORWIG
UNITED STATES ATTORNEY

Traci L. Kenner
TRACI L. KENNER
Assistant United States Attorney

7-10-02
Date

Gregg A. Marchessault
GREGG A. MARCHESSAULT
Assistant United States Attorney

10 July 2002
Date

FILED
U.S. DISTRICT COURT
EASTERN DISTRICT OF TEXAS
JUL 10 2002
DAVID J. MURPHY, CLERK
DEPUTY

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS

TYLER DIVISION

UNITED STATES OF AMERICA §
 §
V. § NO. 6:02CR 45
 § (Judge _____)
ALLEN PETTY, JR., a.k.a. AL PETTY §

NOTICE OF PENALTY

COUNTS 1-14

Violations: 18 U.S.C. §1343 (Wire Fraud) and §2 (Aiding & Abetting)

Penalty: A fine of not more than \$250,000.00 or imprisonment for not more than five years, or both; a term of supervised release of not more than three years.

Special assessment: \$100.00 per count.

COUNTS 15-25

Violations: 18 U.S.C. §1341 (Mail Fraud) and §2 (Aiding & Abetting)

Penalty: A fine of not more than \$250,000.00 or imprisonment for not more than five years, or both; a term of supervised release of not more than three years.

Special assessment: \$100.00 per count.

COUNTS 26-57

Violations: 18 U.S.C. §1956(a)(1)(A)(i) (Money Laundering) and §2 (Aiding & Abetting)

Penalty: A fine of not more than \$500,000.00 or twice the value of the property involved in the transaction, whichever is greater, or imprisonment of not more than 20 years, or both; a term of supervised release of not more than three years.

Special assessment: \$100.00 per count.

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COUNTS 58-78

Violations: 18 U.S.C. §1957 (Engaging in Monetary Transactions with Property Derived from Specific Unlawful Activity) and §2 (Aiding & Abetting)

Penalty: A fine of not more than \$250,000.00 or twice the amount of criminally derived property involved in the transaction, or imprisonment of not more than 10 years, or both; a term of supervised release of not more than three years.

Special assessment: \$100.00 per count.

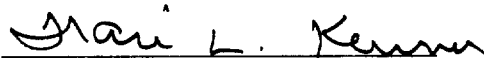
NOTICE OF ENHANCED PENALTIES PURSUANT TO 18 U.S.C. § 2326

In the event the Defendant is convicted of an offense under 18 U.S.C. §1341 or 18 U.S.C. §1343 in connection with the conduct of telemarketing, he is subject to the following additional penalties pursuant to 18 U.S.C. §2326:

1. Imprisonment for a term of up to five years in addition to any term of imprisonment imposed under either 18 U.S.C. §1341 or 18 U.S.C. §1343, and
2. Imprisonment for a term of up to 10 years in addition to any term of imprisonment imposed under either 18 U.S.C. §1341 or 18 U.S.C. §1343 if the offense under either of those sections victimized 10 or more persons over the age of 55 or targeted persons over the age of 55.

Respectfully submitted,

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